104TH CONGRESS
1ST SESSION
H. R. 903

To substitute evaluations of educational quality for cohort default rates in eligibility determinations for proprietary institutions of higher education under the Federal student assistance programs.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 13, 1995

Mr. ANDREWS introduced the following bill; which was referred to the Committee on Economic and Educational Opportunities

---

A BILL

To substitute evaluations of educational quality for cohort default rates in eligibility determinations for proprietary institutions of higher education under the Federal student assistance programs.

1   *Be it enacted by the Senate and House of Representa-*

2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4   This Act may be cited as the ''Educational Quality

5 Index Act of 1995''.

6 **SEC. 2. FINDINGS.**

7   The Congress finds that—

1   (1) cohort default rates alone do not indicate

2 the quality of an educational institution;

3   (2) for the purpose of evaluating performance

4 of an institution of higher education, the population

5 which that institution serves should be taken into

6 account;

7   (3) schools whose students are from less afflu-

8 ent backgrounds have more difficulty with cohort de-

9 fault rate standards;

10   (4) use of the cohort default rates as a deter-

11 minant for participation in Federal student loan pro-

12 grams has kept technical and vocational school oper-

13 ators from opening schools in impoverished areas;

14   (5) many individuals living in impoverished

15 areas have been effectively denied an opportunity to

16 access technical and vocational higher education;

17 and

18   (6) the performance of a technical or vocational

19 institution of higher education can be measured by

20 objective data concerning the outcome from the per-

21 spective of the student.

SEC. 3. USE OF EDUCATIONAL QUALITY IN INSTITUTIONAL ELIGIBILITY FOR GUARANTEED STUDENT LOAN PROGRAM.

Section 435(a) of the Higher Education Act of 1965 (20 U.S.C. 1085(a)) is amended—

(1) in paragraph (1), by striking ''paragraph (2)'' and inserting ''paragraphs (2) and (4)'';

(2) in paragraph (2), by striking ''An institution'' and inserting ''Except as provided in paragraph (4), an institution'';

(3) by adding at the end the following new paragraph:

''(4) INELIGIBILITY BASED ON EDUCATIONAL QUALITY INDEX.—

''(A) USE OF INDEX IN PLACE OF COHORT DEFAULT RATE.—A proprietary institution of higher education (as such term is defined in section 481(b)) shall not be subject to ineligibility determinations under paragraph (2), but shall be subject to such determinations on the basis of the educational quality index prescribed under this paragraph.

''(B) PRESCRIPTION OF INDEX.—The Secretary of Education shall by regulation prescribe an educational quality index for the purpose of evaluating the programs of proprietary

1 institutions of higher education. Such index

2 shall be equal to the sum of the following com-

3 ponent indexes:

4   ''(i) A placement rate index which

5   shall be based on the percentage of stu-

6   dents who are employed in the field for

7   which the institution has trained them.

8   ''(ii) An index based on the institu-

9   tion's cohort default rate (as determined

10   under subsection (m)).

11   ''(iii) A successful completion index

12   which shall be based on graduation rates

13   (as determined for purposes of section

14   484(a)(1)(C)), or on certification or licen-

15   sure rates (if available).

16 ''(C) CONTENTS OF REGULATIONS.—The

17 regulations prescribed by the Secretary under

18 subparagraph (B) shall—

19   ''(i) define the minimum aggregate

20   score that an proprietary institution of

21   higher education must achieve, as a sum of

22   the 3 indexes established under clauses (i),

23   (ii), and (iii) of such subparagraph, in

24   order for the institution to remain eligible

1   to participate in the programs under this

2   part;

3   ''(ii) provide that each of such indexes

4   shall be adjusted by multiplying such index

5   by the sum of one plus a fraction (ex-

6   pressed as a decimal) equal to the dif-

7   ference between—

8   ''(I) the fraction (expressed as a

9   decimal) of such institution's enrolled

10   students who are eligible for Pell

11   grants, minus

12   ''(II) the fraction (expressed as a

13   decimal) of all students at all institu-

14   tions of higher education who are so

15   eligible,

16   ''(iii) provide that the weights to be

17   attributed to such 3 indexes for purposes

18   of aggregating such score shall require

19   that, of the maximum possible aggregate

20   score—

21   ''(I) 50 percent shall be attrib-

22   uted to the index described in sub-

23   paragraph (B)(i);

24   ''(II) 30 percent shall be attrib-

25   uted to subparagraph (B)(ii); and

‘‘(III) 20 percent shall be attrib-
uted to subparagraph (B)(iii); and

‘‘(iv) establish the procedures for the
determination of scores for individual insti-
tutions, and for the resolution of disputes
concerning such scores.’’.

SEC. 4. USE OF EDUCATIONAL QUALITY INDEX IN PRO-GRAM INTEGRITY REVIEWS.

(a) STATE REVIEW ENTITY CRITERIA.—Section 494C(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1099a–3(a)(1)) is amended by inserting before the period the following: ‘‘or, in the case of a proprietary institution of higher education, an educational quality index score that does not equal or exceed the minimum estab-lished by the Secretary under section 435(a)(4)(B)(i)’’.

(b) PROGRAM REVIEW.—Section 498A(a)(2)(A) of such Act (20 U.S.C. 1099c–1(a)(2)(A)) is amended by in-serting before the semicolon the following: ‘‘or, in the case of a proprietary institution of higher education, an edu-cational quality index score that does not equal or exceed the minimum established by the Secretary under section 435(a)(4)(B)(i)’’.

○